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**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF WYOMING**

CUSTODIA BANK, INC.,

*Plaintiff,*

v.

FEDERAL RESERVE BOARD OF  
GOVERNORS and FEDERAL RESERVE  
BANK OF KANSAS CITY,

*Defendants.*

No. 1:22-cv-00125-SWS

**DECLARATION OF ANDREW MICHAELSON IN SUPPORT OF DEFENDANT  
FEDERAL RESERVE BANK OF KANSAS CITY'S CROSS-MOTION FOR SUMMARY  
JUDGMENT AND OPPOSITION TO PLAINTIFF'S PETITION FOR REVIEW AND  
MOTION FOR JUDGMENT AS A MATTER OF LAW**

I, Andrew Michaelson, declare as follows:

1. Attached hereto as Exhibit 1 is a true and accurate copy of the Federal Reserve Bank of Kansas City's Objections to Custodia's Statement of Material Facts Not in Dispute.
2. Attached hereto as Exhibit 2 is a true and accurate copy of the Expert Report of Professor Morgan Ricks.
3. Attached hereto as Exhibit 3 is a true and accurate copy of Letter No. X-9187 from Chester Morrill of the Federal Reserve Bank of Chicago, dated April 26, 1935.
4. Attached hereto as Exhibit 4 is a true and accurate copy of Circular No. 85-75 from the Federal Reserve Bank of Dallas, dated June 4, 1985.
5. Attached hereto as Exhibit 5 is a true and accurate copy of Operating Circular No. 1 from the Federal Reserve Bank of Dallas, dated January 2, 1998.
6. Attached hereto as Exhibit 6 is a true and accurate copy of the Federal Register entry, dated December 1, 2004, containing the notice "Policy on Payments System Risk."
7. Attached hereto as Exhibit 7 is a true and accurate copy of a document titled "Reserve Bank Condition Monitoring Standards and Practices," last revised September 15, 2023.
8. Attached hereto as Exhibit 8 is a true and accurate copy of a document titled "SOP 10 Eligibility Processing Guidelines Credit and Risk Management," dated May 20, 2019.
9. Attached hereto as Exhibit 9 is a true and accurate copy of a document, dated August 18, 2014, titled "Guidance for Federal Reserve Financial Services Applicants That Are Deemed High Risk by the Federal Reserve Bank of New York."

10. Attached hereto as Exhibit 10 is a true and accurate copy of a document titled “Account and Financial Services Handbook” from the Federal Reserve Bank of New York, dated February 25, 2020.

11. Attached hereto as Exhibit 11 is a true and accurate copy of an email from Tara Humston with the subject line “Call with Katherine Carroll – Avanti,” dated November 11, 2020, bearing the beginning Bates number FRBKC-00010263.

12. Attached hereto as Exhibit 12 is a true and accurate copy of excerpts from the transcript of the deposition of Christi May-Oder, dated October 19, 2023 and November 8, 2023.

13. Attached hereto as Exhibit 13 is a true and accurate copy of excerpts from the transcript of the deposition of Jeffrey Imgarten, dated October 24, 2023.

14. Attached hereto as Exhibit 14 is a true and accurate copy of excerpts from the transcript of the deposition of Tara Humston, dated November 3, 2023.

15. Attached hereto as Exhibit 15 is a true and accurate copy of a document with the title “Credit & Risk Management PSR Unit Procedures Manual,” dated June 2019.

16. Attached hereto as Exhibit 16 is a true and accurate copy of excerpts from the transcript of the deposition of Judith Hazen as Rule 30(b)(6) witness, dated November 16, 2023.

17. Attached hereto as Exhibit 17 is a true and accurate copy of excerpts from the materials entered as Exhibit 225 in the November 16, 2023 deposition of the Federal Reserve Bank of Kansas City’s Rule 30(b)(6) witness.

18. Attached hereto as Exhibit 18 is a true and accurate copy of excerpts from the transcript of the deposition of Caitlin Long, dated November 29, 2023.

19. Attached hereto as Exhibit 19 is a true and accurate copy of a spreadsheet assessing the applicability of various statutes and regulations to SPDIs, produced in native form under the slip sheet bearing the Bates number FRBKC-00010139.

20. Attached hereto as Exhibit 20 is a true and accurate copy of an email from Nick Billman with the subject line “RE: Wyoming Talking Points,” dated December 12, 2018, bearing the beginning Bates number FRBKC-00018339.

21. Attached hereto as Exhibit 21 is a true and accurate copy of a document with the title “Wyoming Cryptocurrency Bill Talking Points,” dated December 3, 2018, bearing the beginning Bates number FRBKC-00018341.

22. Attached hereto as Exhibit 22 is a true and accurate copy of an Avanti Financial Group, Inc. business plan, dated August 4, 2021, bearing the beginning Bates number Custodia-00008796.

23. Attached hereto as Exhibit 23 is a true and accurate copy of excerpts from the transcript of the deposition of Esther George, dated November 9, 2023.

24. Attached hereto as Exhibit 24 is a true and accurate copy of an Avanti Financial Group presentation, dated May 2021, bearing the beginning Bates number Custodia-00001094.

25. Attached hereto as Exhibit 25 is a true and accurate copy of minutes and materials from a Custodia Board of Directors meeting, dated February 16, 2022, bearing the beginning Bates number FRBKC-00000143.

26. Attached hereto as Exhibit 26 is a true and accurate copy of Caitlin Long’s redacted handwritten notes produced in this litigation, bearing the beginning Bates number Custodia-00008686.

27. Attached hereto as Exhibit 27 is a true and accurate copy of a document titled “Pre-Membership Examination Summary Conclusions,” dated November 2, 2022, bearing the beginning Bates number FRBKC-00017421.

28. Attached hereto as Exhibit 28 is a true and accurate copy of excerpts from the transcript of the deposition of Zev Shimko, dated November 30, 2023.

29. Attached hereto as Exhibit 29 is a true and accurate copy of a Custodia chat log, dated May 18, 2022, bearing the beginning Bates number Custodia-00003346.

30. Attached hereto as Exhibit 30 is a true and accurate copy of a document titled “Board of Directors and Audit Committee Self-Evaluation Worksheet,” bearing the beginning Bates number Custodia-00002851.

31. Attached hereto as Exhibit 31 is a true and accurate copy of an email from Ross Crouch with the subject line “FW: Summary of 5/17 Custodia meeting and recent updates,” dated May 31, 2022, bearing the beginning Bates number FRBKC-00016116.

32. Attached hereto as Exhibit 32 is a true and accurate copy of minutes and materials from a Custodia Board of Directors meeting, dated April 27, 2022, bearing the beginning Bates number FRBKC-00005784.

33. Attached hereto as Exhibit 33 is a true and accurate copy of Avanti Financial Group’s Application to Open and Maintain a Master Account, dated October 29, 2020, bearing the beginning Bates number FRBKC-00012687.

34. Attached hereto as Exhibit 34 is a true and accurate copy of a document titled “Custodia Touchpoint Meeting (02-28-22),” dated February 28, 2022, bearing the beginning Bates number FRBKC-00004229.

35. Attached hereto as Exhibit 35 is a true and accurate copy of excerpts from the transcript of the deposition of Ross Crouch, dated October 25, 2023.

36. Attached hereto as Exhibit 36 is a true and accurate copy of minutes and materials for a Custodia Board of Directors meeting, dated May 11, 2022, bearing the beginning Bates number FRBKC-00003007.

37. Attached hereto as Exhibit 37 is a true and accurate copy of excerpts from the transcript of the deposition of Katie Cox, dated December 19, 2023.

38. Attached hereto as Exhibit 38 is a true and accurate copy of excerpts from the transcript of the deposition of Katie Cox, dated December 20, 2023.

39. Attached hereto as Exhibit 39 is a true and accurate copy of an email from Tara Humston with the subject line “RE: Call with Katherine Carroll – Avanti,” dated November 12, 2020, bearing the beginning Bates number FRBKC-00014922.

40. Attached hereto as Exhibit 40 is a true and accurate copy of an email from Caitlin Long with the subject line “Fed meeting update,” dated November 12, 2020, bearing the beginning Bates number Custodia-00005521.

41. Attached hereto as Exhibit 41 is a true and accurate copy of a letter from the Federal Reserve Bank of Kansas City, dated January 27, 2022, bearing the beginning Bates number FRBKC-00000234.

42. Attached hereto as Exhibit 42 is a true and accurate copy of a letter from the Federal Reserve Bank of Kansas City, dated January 7, 2022, bearing the beginning Bates number FRBKC-00014934.

43. Attached hereto as Exhibit 43 is a true and accurate copy of “SPDI In-Person” meeting notes, dated September 1, 2021, bearing the beginning Bates number FRBKC-00013806.

44. Attached hereto as Exhibit 44 is a true and accurate copy of an email from Tara Humston with the subject line “RE: Update on COP discussion re: NTMA,” dated August 7, 2021, bearing the beginning Bates number FRBKC-00010932.

45. Attached hereto as Exhibit 45 is a true and accurate copy of a document titled “Joint Statement on Crypto-Asset Policy Sprint Initiative and Next Steps,” dated November 23, 2021.

46. Attached hereto as Exhibit 46 is a true and accurate copy of a document to “facilitate internal conversation and discussion with the Wyoming Division of Banking (DoB) related to consideration of the special purpose depository institution (SPDI) application of Avanti, a commercial blockchain company, to form Avanti Bank & Trust,” bearing the beginning Bates number FRBKC-00002695.

47. Attached hereto as Exhibit 47 is a true and accurate copy of a document titled "Application Review - Avanti," dated October 14, 2020, bearing the beginning Bates number FRBKC-00015695.

48. Attached hereto as Exhibit 48 is a true and accurate copy of an email from Suzee Webber with the subject line “Risk Assessment #2,” dated February 1, 2021, bearing the beginning Bates number FRBKC-00003638.

49. Attached hereto as Exhibit 49 is a true and accurate copy of a draft document titled “Principles Covering Access to Accounts and/or Services at Federal Reserve Banks,” bearing the beginning Bates number FRBKC-00016716.

50. Attached hereto as Exhibit 50 is a true and accurate copy of a draft document titled “Principles Covering Access to Accounts and/or Services at Federal Reserve Banks,” bearing the beginning Bates number FRBKC-00016665.

51. Attached hereto as Exhibit 51 is a true and accurate copy of an email from Rob Triano with the subject line “RE: SPDI Work,” dated October 14, 2021, bearing the beginning Bates number FRBKC-00003331.

52. Attached hereto as Exhibit 52 is a true and accurate copy of an internal memorandum with the subject line “Update on Avanti Bank & Trust, Cheyenne, WY (Avanti),” dated January 13, 2022, bearing the beginning Bates number FRBKC-00016159.

53. Attached hereto as Exhibit 53 is a true and accurate copy of excerpts of the transcript from the deposition of Judith Hazen, dated October 16, 2023.

54. Attached hereto as Exhibit 54 is a true and accurate copy of handwritten notes of Christi May-Oder, dated October 2020 through August 2021, bearing the beginning Bates number FRBKC-00014246.

55. Attached hereto as Exhibit 55 is a true and accurate copy of a document with the title “2022 Pre-Membership Examination Scope Memorandum,” bearing the beginning Bates number FRBKC-00017394.

56. Attached hereto as Exhibit 56 is a true and accurate copy of a document with the title “Meeting with Custodia Management to Provide Feedback on the FRBKC’s 2021 Review,” bearing the beginning Bates number FRBKC-00016135.

57. Attached hereto as Exhibit 57 is a true and accurate copy of an email from Jeff Imgarten with the subject line “RE: Custodia Review Documents” dated June 25, 2022, bearing the beginning Bates number FRBKC-00002200.



58. Attached hereto as Exhibit 58 is a true and accurate copy of an email from Judith Hazen with the subject line “FW: Meeting to Discuss Membership Application” dated June 8, 2022, bearing the beginning Bates number FRBKC-00011132.

59. Attached hereto as Exhibit 59 is a true and accurate copy of a letter from FRBKC to Custodia dated January 27, 2023, bearing the beginning Bates number FRBKC-00002172.

60. Attached hereto as Exhibit 60 is a true and accurate copy of an email from Judith Hazen with the subject line “Re: Custodia Memo to Esther” dated December 6, 2022, bearing the beginning Bates number FRBKC-00002132.

61. Attached hereto as Exhibit 61 is a true and accurate copy of a document with the title “Custodia Bank, Inc. (fka Avanti Bank & Trust) Master Account Recommendation” dated January 19, 2023, bearing the beginning Bates number FRBKC-00009928.

62. Attached hereto as Exhibit 62 is a true and accurate copy of an email from Judith Hazen with the subject line “Draft Recommendation Memo” dated January 6, 2023, bearing the beginning Bates number FRBKC-00016409.

63. Attached hereto as Exhibit 63 is a true and accurate copy of an email from Matthew Malloy with the subject line “RE: Draft Recommendation Memo” dated January 10, 2023, bearing the beginning Bates number FRB-AR-000313.

64. Attached hereto as Exhibit 64 is a true and accurate copy of a draft document with the title “Custodia Bank, Inc. (fka Avanti Bank & Trust) Master Account Recommendation” bearing the beginning Bates number FRB-AR-000315.

65. Attached hereto as Exhibit 65 is a true and accurate copy of an email from Jason Hinkle with the subject line “RE: Draft Recommendation Memo” dated January 9, 2023, bearing the beginning Bates number FRB-AR-000324.

66. Attached hereto as Exhibit 66 is a true and accurate copy of a draft document with the title “Custodia Bank, Inc. (fka Avanti Bank & Trust) Master Account Recommendation” bearing the beginning Bates number FRB-AR-000326.

67. Attached hereto as Exhibit 67 is a true and accurate copy of excerpts from the transcript of the deposition of Jenifer Haake, dated October 26, 2023

68. Attached hereto as Exhibit 68 is a true and accurate copy of excerpts from the transcript of the deposition of Andrea Mullins, dated December 7, 2023.

69. Attached hereto as Exhibit 69 is a true and accurate copy of excerpts from the transcript of the deposition of Jackie Nugent, dated November 15, 2023.

70. Attached hereto as Exhibit 70 is a true and accurate copy of an email from Caitlin Long with the subject line “Fwd: Just spoke with Jackie Nugent” dated March 6, 2021, bearing the beginning Bates number Custodia-00008663.

71. Attached hereto as Exhibit 71 is a true and accurate copy of an email from Derek Bush with the subject line “Re: Avanti – Special Purpose Depository Institution – Wishes to Schedule a Meeting with Board Staff” dated April 27, 2021, bearing the beginning Bates number Custodia-00004600.

72. Attached hereto as Exhibit 72 is a true and accurate copy of notes from a March 24, 2022 meeting between FRBKC and Custodia, bearing the beginning Bates number FRBKC-00009848.

73. Attached hereto as Exhibit 73 is a true and accurate copy of S-Letter 2677 dated January 17, 2023, bearing the beginning Bates number FRB-AR-000014.

74. Attached hereto as Exhibit 74 is a true and accurate copy of a Teams chat between Christi May-Oder and Ross Crouch dated March 14, 2022, bearing the beginning Bates number FRBKC-00004943.

75. Attached hereto as Exhibit 75 is a true and accurate copy of handwritten notes of Tara Humston, dated January 12, 2022, through March 20, 2022, bearing the beginning Bates number FRBKC-00013942.

76. Attached hereto as Exhibit 76 is a true and accurate copy of S-Letter 2677 dated January 17, 2023, bearing the beginning Bates number FRB-AR-000014.

77. Attached hereto as Exhibit 77 is a true and accurate copy of an email from Judith Hazen with the subject line “Draft Recommendation Memo,” dated January 6, 2023, bearing the beginning Bates number FRB-AR-000335.

78. Attached hereto as Exhibit 78 is a true and accurate copy of an email from Judith Hazen with the subject line “Custodia Bank Master Account Request,” dated January 24, 2023, bearing the beginning Bates number FRB-AR-000003.

79. Attached hereto as Exhibit 79 is a true and accurate copy of an email from Matt Eichner with the subject line “Custodia response: S-letter – 2667 with no concerns identified,” dated January 26, 2023, bearing the beginning Bates number FRB-AR-000002.

80. Attached hereto as Exhibit 80 is a true and accurate copy of a document titled “Account Access Guidelines – FRS Internal Implementation Handbook,” dated August 16, 2023, bearing the beginning Bates number FRBKC-00017290.

81. Attached hereto as Exhibit 81 is a true and accurate copy of a letter from Custodia titled “Application by Avanti Financial Group, Inc. (d/b/a Avanti Bank & Trust) for Federal Reserve Membership,” dated August 5, 2021, bearing the beginning Bates number FRBKC-00017547.

82. Attached hereto as Exhibit 82 is a true and accurate copy of excerpts from the transcript of the deposition of Peter Conti-Brown, dated December 14, 2023.

83. Attached hereto as Exhibit 83 is a true and accurate copy of handwritten notes of Esther George, bearing the beginning Bates number FRBKC-00017834.

84. Attached hereto as Exhibit 84 is a true and accurate copy of a draft document titled “Novel Account Access Review” bearing the beginning Bates number FRBKC-00017570.

DATED this 26<sup>th</sup> day of January 2024.

/s/ Andrew Michaelson  
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*Counsel for Defendant the  
Federal Reserve Bank of Kansas City*

**CERTIFICATE OF SERVICE**

I certify the foregoing *Declaration in Support of Defendant Federal Reserve Bank of Kansas City's Cross-Motion for Summary Judgment and Opposition to Plaintiff's Petition for Review and Motion for Judgment as a Matter of Law* upon all parties to this action pursuant to the Federal Rules of Civil Procedure via CM/ECF on January 26, 2024.

Shannon M. Ward

OF HIRST APPLGATE, LLP  
Attorneys for Defendant FRBKC